

## **UNIVERSITY OF PUERTO RICO TIME AND EFFORT REPORTING**

Consistent with federal requirements, the University of Puerto Rico (UPR) requires that all salaries and wages charged to sponsored projects are certified. As a condition to receiving federal funding, UPR is required to maintain and certify the percentage of time that employees devote to federally-funded sponsored projects.

Currently, the University fulfills the effort reporting requirement through the use of a time and effort certification process. This process provides verification of salaries, wages, as well as the time and effort charged to sponsored projects which are funded by federal agencies. The [Office of Sponsored Programs](#), or its equivalent, at each campus is responsible for implementing this requirement.

Compliance with this procedure is necessary to prevent cost disallowances and penalties by the federal government and other sponsoring agencies.

### **Effort Reporting**

Effort is defined as the amount of time spent on a particular activity. It includes the time spent working on a sponsored project in which salary is directly charged or contributed (cost-shared effort).

Individual effort is expressed as a percentage of the total amount of time spent on work-related activities (instruction, research, patient care, administration, etc.) for which the University compensates an individual.

Effort reporting is the mandated method of certifying to the granting agencies that the effort charged or cost shared to each award has actually been completed.

### **Federal Requirements**

OMB Circular A-21, *Principles for Determining Costs Applicable to Grants, Contract, and Other Agreements with Educational Institutions* outlines the regulations governing time and effort reporting and the verification of salary distributions. Specifically, OMB Circular A-21, Section (J) (10)(c)(2)(b) requires Time and Effort Reports to be completed to provide after the fact verification of the salary charged to sponsored projects: “[effort] report[s] will reflect after the fact reporting of the percentage distribution of activity of employees.” OMB Circular A-21 requires that this verification be completed for all “professional and professional” staff.

### **Risks of not complying with Circular A-21**

Documentation on how individuals spend time on federally sponsored projects is subject to federal audit and can be cause for institutional or individual disallowances. Recently, the federal government and its auditors have become much more active in their review of effort reporting requirements, and a number of universities have received large audit disallowances as a result. Federal audit disallowances can result in serious financial penalties for institutions.

## RELATED DOCUMENT

- **OMB Circular A-21, “Cost Principles for Educational Institutions”**  
<http://www.whitehouse.gov/omb/circulars/a021/a021.html>